

THE GLOBE AND MAIL

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HD **Canadian miners the big beneficiaries of Germany's thirst for critical minerals**
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The folks who revolutionized the auto industry when they rolled out the Beetle are now shaking up the way they make cars, to Canada's benefit.

On Tuesday, Volkswagen AG revealed a new approach to its supply chain as the company prepares to fill the roads with electric vehicles. The German automaker said that for the first time, it plans to take direct stakes in mining companies – with a focus on investment in Canada – to ensure a reliable supply of critical minerals.

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VW's announcement ahead of a Toronto business conference upstaged appearances by Germany's Chancellor and Canada's Prime Minister, typically headliners every time they take the stage. For Olaf Scholz and Justin Trudeau, watching someone else grab the spotlight was a sign they are doing something right.

The two leaders were in Toronto over breakfast to smile approvingly as executives from two of the world's largest car companies – Volkswagen and MercedesBenz AG – signed partnerships with the Canadian government to develop electric vehicle and battery businesses in this country. Just ahead of the ceremony, a Volkswagen executive said the company plans to begin investing directly in Canadian miners.

If you want to inject a buzz into a crowd thick with cash-starved CEOs, tell them VW and Mercedes want to throw money at companies that can power a green economy. You get a feeding frenzy that rivals anything sharks stage. Postannouncement, the crowd of suits around the auto executives dwarfed the lineup to shake hands with the politicians.

Tuesday's ceremony marked the latest European investments in Canada's emerging EV industry. Federal Minister of Innovation, Science and Industry FrançoisPhillipe Champagne's tireless networking landed a \$1.5-billion factory near Kingston from Belgium's Umicore SA last month and a similar-sized commitment in March from Germany's BASF for a facility in Bécancour, Que.

In an interview, Mr. Champagne said there is a new spirit of economic co-operation between democratic countries such as Germany and Canada, as the COVID-19 pandemic and Russia's invasion of Ukraine highlighted the need for common solutions to energy, health care and technology challenges.

Can Canada replicate its recent success at winning investments in EV plants in other sectors? For all the ambitious announcements from Canadian and German politicians – Mr. Scholz and Mr. Trudeau were heading off to Stephenville, N.L., on Tuesday to launch a hydrogen production plant – the real test of a commitment to a new way of doing businesses is whether CEOs continue to put capital behind green initiatives.

German Vice-Chancellor Robert Habeck – Mr. Champagne's opposite number as the Minister for Economic Affairs and Climate Action – said in Europe, CEOs are ahead of politicians when it comes to the need for change. The very real possibility that Russia cuts natural gas supplies – leaving factories dark and homes without heat – is adding urgency to decision-making.

"Business leaders are leading politicians in Germany, with a message that we need to act swiftly, that we must speed up the shift in our economy," said Mr. Habeck, a former Green Party leader. In an interview, he said recent sessions between Canadian and German politicians and business leaders have already led to talk of solutions to shared industrial issues.

Germany and Canada both saw their shipbuilding industries decline over the past few decades, with Asian manufacturers winning contracts to build the bulk of ocean-going vessels. Mr. Habeck said recent face-to-face meetings with Canadian counterparts have both countries looking for ways to build the ships that would carry green hydrogen across the Atlantic, or service offshore wind farms.

As Tuesday's conference finished up, with CEOs pressing business cards on VW and Mercedes executives, Business Council of Canada chief executive Goldy Hyder delivered two final messages to German and Canadian political leaders.

The head of an organization that speaks for 150 of the country's largest companies warned that politicians should never take support from business for granted, as capital has never been more mobile. Mr. Hyder also pointed out that politicians and CEOs need to ensure voters – who are also consumers – support the costs that come with new policies, as the public has been conditioned to expect a free lunch. It was a welcome note of realism at a time when automakers are spending big to roll out electric vehicles and a Newfoundland town strives to become a green energy leader.

CO vkwag : Volkswagen AG

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